

Financial report

Q2 2014



HOFSETH
BioCare®

This is Hofseth BioCare ASA

Hofseth BioCare is a Norwegian biomarine company with roots back to year 2000. The company's key objective is to provide high value added biomarine ingredients to serve a growing need of high grade protein, calcium and fish oil to the human market.

Our proprietary technology is based upon a new method for fully controlled by-product refinement up to high-end products. After 12 years of R&D, testing and documentation, the company's proprietary enzymatic hydrolysis-process converts by-products to sustainable value-added products.

Hofseth BioCare's products are sustainable and traceable. There is a growing demand for proteins in the world and providing sustainable high quality products to the market is the main goal for Hofseth BioCare.

Our vision

We shall be the leading company in the production and development of premium bioactive marine ingredients for the human market.

We are strongly committed to convert raw materials from the marine industry into high quality food grade ingredients.

Sustainability is the core value in all our activities.

Our spoken vision is:
Hofseth BioCare will be the pioneer in providing sustainable nutrition for global communities to achieve their maximum potential

Our objectives

Hofseth BioCare's key objective is to provide high value added biomarine ingredients for human applications. Through innovative production technology and logistics, we preserve the quality of protein, calcium and oil extracted from fish. The technology is proprietary to our company.

Products that previously could only be used for animal feed is now being produced for human consumption and pharmaceuticals. We are thus, contributing to efficient use of marine resources.

Hofseth BioCare has three ambitious long-term goals:

1. *Higher profitability than our competitors creates a strong social responsibility*
2. *Leading technology and quality for the best products in the industry*
3. *The industry's best competence team on fresh marine ingredients*

Highlights in the second quarter

- HBC raised on April 11 NOK 90 million in gross proceeds through a private placement of 20 million new shares, each with a par value of NOK 1.00, at a subscription price of NOK 4.50 per share.
- On May 8th, HBC announced the receipt of its Notice of Allowance from the Japanese Patent office for its patent application "Compositions and Methods for Increasing Iron Absorption" which uses its salmon protein hydrolysate to alleviate anaemia in humans suffering from low iron absorption.

Events after the quarter

- HBC opens in July a sales office in Chicago, USA, - its first office outside Norway, and appoints Matt Mixter as general manager for HBCs US operations.
- In July, HBC received order for fresh salmon oil capsules from a Finnish customer. At the same time, HBC entered into an exclusivity agreement with the customer on encapsulated salmon oil to the Finnish market for the next three years. First delivery occurs during the summer of 2014. Products will be sold in one of Finland's largest retailers with more than 1,600 outlets.
- In August, HBC received confirmation on listing of Salmon oil at ICA under HBCs own brand BioSalmaFresh.
- HBC appoints Ole Arne Eiksund as new VP Global Sales, Karen Marie Måseide Hovland as Project Manager and Kai Morten Thuen as Marketing Manager.
- In August, HBC revealed a damage to the steam boiler, resulted in immediate stop in production and notice of temporarily layoffs of some employees at the plant on Midsund and Berkåk. The damage is covered by HBCs insurance, both in terms of actual equipment replacement and operational business interruption insurance. The production stop is not critical for our deliveries since the company has large stocks of finished goods and HBC will supply the market until production resumes.

Key figures (Group)

	Q2 2014	Q2 2013	1H 2014	1H 2013	2013
Operating revenues	7 385	7 928	8 959	9 414	62 936
EBITDA	-5 401	-10 703	-13 498	-31 914	-34 923
Operating profit/loss	-9 490	-13 849	-21 134	-37 979	-47 488
Profit/loss before taxes	-13 100	-17 380	-26 707	-43 662	-52 167
Earnings per share (NOK)	-0,13	-0,22	-0,27	-0,56	-0,72
Net cash flow	3 080	6 319	-1	1 996	1 694
Interest-bearing liabilities	84 451	78 906	84 451	78 906	96 860
Total assets	226 612	197 634	226 612	197 634	205 052
Equity ratio	52,4 %	35,3 %	52,4 %	35,3 %	30,2 %

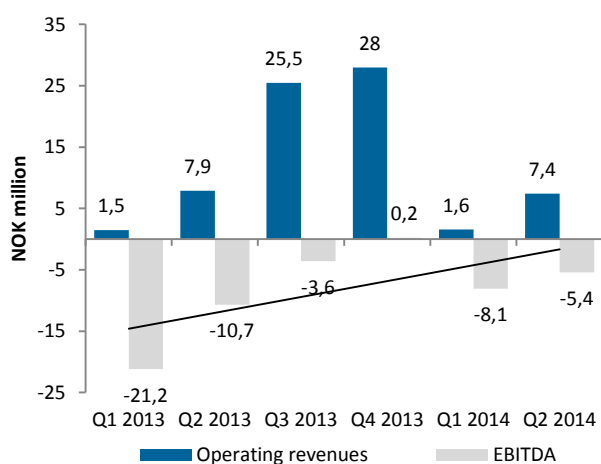
Financial review

In the financial review, figures for the corresponding periods in 2013 are given in brackets.

Profit and loss second quarter

Hofseth BioCare had operating revenues of MNOK 7.38 (MNOK 7.92) in the second quarter of 2014.

Total operating expenses amounted to MNOK 12.78 in the period compared to MNOK 18.63 in the second quarter 2013.



Operating profit (EBIT) for the second quarter 2014 is negative MNOK 9.49 (MNOK minus 13.84). Depreciations amounted to MNOK 4.08 in the quarter. Ordinary depreciations for the corresponding period last year were MNOK 3.14.

Net financial items in the second quarter were negative MNOK 3.61 (MNOK minus 3.53).

Results before tax ended at negative MNOK 13.1 in the period compared to a loss of MNOK 17.38 during second quarter 2013.

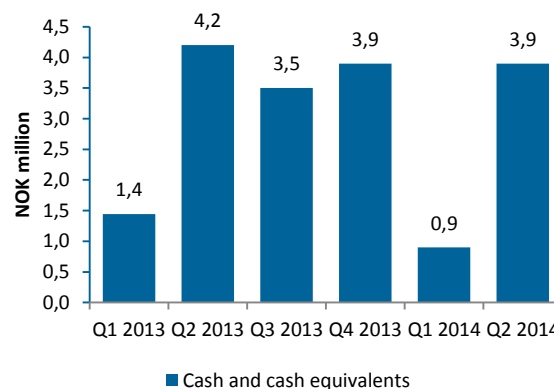
HBC does not register the deferred tax assets in the balance sheet. As of June 30 the deferred tax assets is about MNOK 47.5

Cash flow

Cash flow from operations during second quarter was negative by MNOK 58.8 compared to MNOK negative 14.53 in the same quarter last year.

Net cash flow from investment activities was negative by MNOK 3.52 in the second quarter of 2014, compared to

MNOK negative 2.42 for the corresponding period last year.



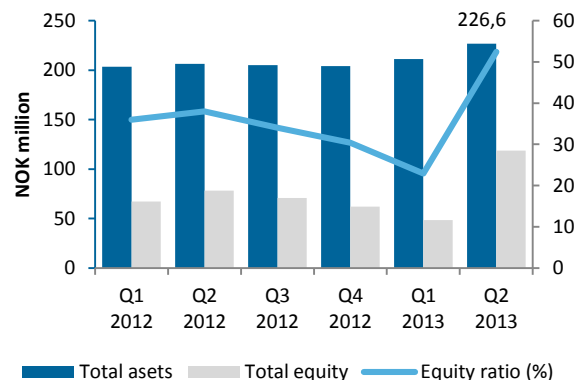
Cash flow from the financing activities amounts to positive MNOK 65.42 in the second quarter 2014, compared to positive MNOK 23.28 in the second quarter of 2013.

Cash and cash equivalents increased by MNOK 3.1 during the quarter, leaving total holding of cash and cash equivalents at MNOK 3.9 by the end of the period.

The BoD and Management have high focus on building a stronger cash base, and expect cash to improve throughout the third quarter.

Financial positions

Total assets for the Company were MNOK 226.6 at the end of second quarter of 2014 (MNOK 197.6). Total equity amounted to MNOK 118.84 (MNOK 69.70) giving an equity ratio of 52.4 % (35.27 %).



Operational headlines

Hofseth BioCare produces Soluble Protein (SPH), Partly Hydrolysed Protein (PHP), Salmon oil (SO) and Calcium (CAL). The products are based on fresh off cuts from the Norwegian salmon processing industry. The proprietary production process is enzymatic hydrolysis, which split the four fractions of the salmon raw material.

HBC operates two plants, the hydrolysis plant in Midsund and the spray-drying plant in Berkåk.

Production update

After the installation of a second centrifuge in Q1, the production in the second quarter has been at the expected levels, both in volumes and quality. The lower supply of raw material HBC experienced in the first quarter has gradually turned during the end of the first quarter and continued throughout the second quarter.



HBC started installation of a salt-water scrubber in June 2014. The scrubber will clean the process air from our plant in Midsund and aim to minimize emissions in the local community. By the end of the second quarter, the scrubber was in place, and tuning and testing will continue during summer of 2014.



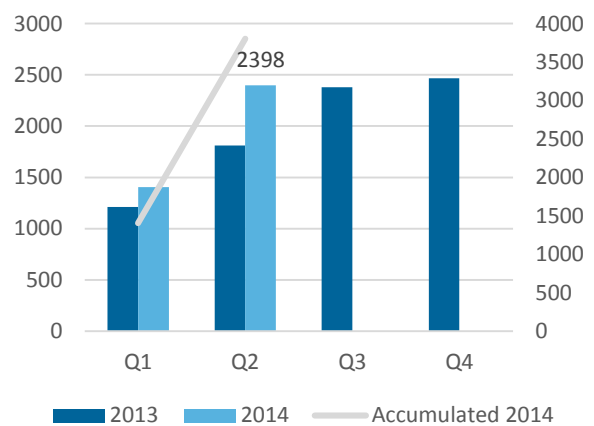
During Q2, the production, both at Midsund and Berkåk, has been running normal working weeks, from Monday to Friday.

Production during the second quarter has been at an expected, high quality level. Earlier adjustments have paid off and the quality of the salmon oil and protein is within the required specifications. HBC continue to enhance effectiveness and quality and during the third quarter, there

will be conducted test runs for future reduction of hydrolysis time and enzymes to increase the PUFAs in our salmon oil.

Raw material supply during Q2 has been satisfactory and have increased towards the end of the quarter. The plants have been running on a lower utilization in the second quarter to reduce the stock build-up of finished products.

Raw Material (MT)



Processing of raw material in Q2 was 2,400 tons compared to 1,405 tons in Q1. The production volumes for the second quarter accounts for approx. 50 per cent of current capacity at the Midsund plant. With new enzymes and future mixing technology in place, the production in Q2 is about 20 per cent of potential capacity at Midsund.

Salmon Protein

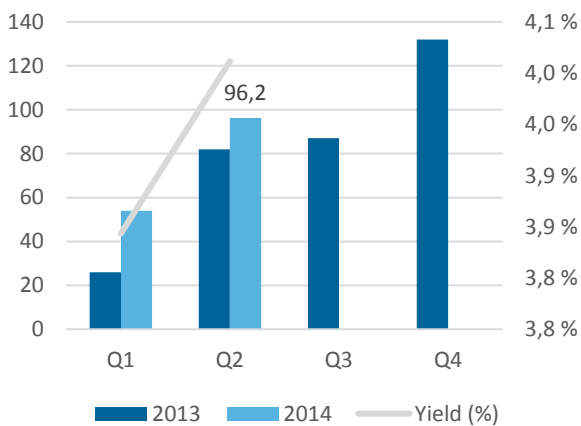
As reported in the first quarter, the production of SPH is now within specifications. Production in the second quarter increased the yield, mainly due to installation of a new centrifuge. Further minor adjustments will continue throughout 2014 to reach optimal yield in our SPH production.



During Q2, HBC has performed a successful test production of a new micro filtered salmon protein, using state of the art filtration technology. The properties of the filtered marine peptides produced in Q2, have extraordinary properties, not accessible to the market today in large production scales. HBC will investigate further possibilities for this potential new product during 2014.

In Q2, HBC produced 96 tons of finished protein powder compared to 54 tons in Q1 2014.

Soluble Protein (MT)



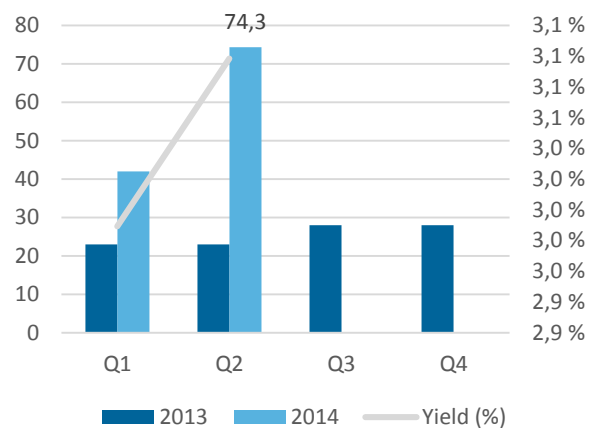
HBC expect the level of yield on the salmon oil to be stable at 18 per cent.

During Q2, we produced 440 tons of salmon oil compared to 233 in Q1.

Calcium and PHP

The Calcium and PHP yields varies, depending on the ratio of skin in the recipe. During Q2, the yield of clean calcium raised further to 3.1 % from Q1.

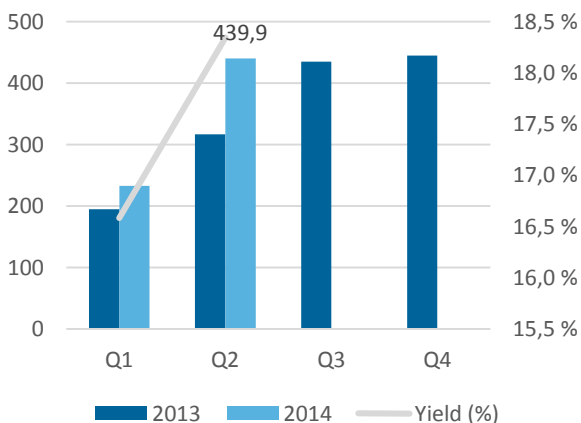
Calcium (MT)



Salmon oil

The quality of the salmon oil is at a high and stable level of quantity after rebuilding in January. HBC reported in Q1 a potential to increase the yield from approx. 17 % to 18 %, which equates to about 500 litres of salmon oil per batch. In Q2, HBC obtained 18.3 % yield on the salmon oil, which shows that process adjustments in January has been successful.

Salmon oil (MT)



Elements of the calcium still follows the PHP out of the sieve. HBC has during Q2 further investigated the potential and production volume of the PHP, and are now able to fully isolate the PHP product. Before summer, HBC started actions toward the marked on our fourth product fraction and expect some sales of PHP late 2014.

The output product PHP/MIX is sold to animal feed manufacturers. HBC produced 74 tons of calcium in Q2, compared to 42 tons in Q1 2014.

Quality

The plant at Midsund have been running at approx. 50 per cent of current full capacity during the second quarter. This creates small standstills between periods of production. We have increased focus on cleaning, in particular on the parts after the pasteurization step.



HBC has the later months experienced that we need a new cleaning setup for this kind of production to avoid bacteria growth in the last part of our process. The new cleaning setup is working as intended and the quality in general has been good throughout the quarter.

We continue to build our documentation and increasing the focus on having a strict and transparent quality system used by production in the factory every day.

Salmon Protein

We have continued to focus on production in general, and cleaning routines especially. We have had difficulties with some of the equipment, giving some elevated levels of bacteria in our finished product. The reason for some quality instability has been identified and closed.

The quality on our protein is improving, and we are continuing to fine-tune all aspects of production to minimize the smell and taste of our protein. As a result of this work, masking of fish flavor in user applications has become easier to obtain.

Salmon Oil

Because of the gentle process we run on our salmon oil, (without cooking, wintersation or distillation), we get all the natural occurring variations in our finished product. Knowing and understand how this work is crucial, and we try to increase our knowledge, building documentation on variances and seasons. The quality of our oil is very high, and we have demonstrated through studies that shelf-life of oil is increased to three years.

Calcium

During Q2 HBC were able to produce calcium ready for the market. To increase the output volumes and improving quality, minor changes have to be finalized at the production process in Midsund.

The production has been stable, and we store the dry calcium, without milling it. This increases shelf-life. The finished product will be milled upon sales orders.

Research & Development

Process Development

Biocat Enzyme Substitution for reducing cost of hydrolysis

HBC has completed the final experiments to reduce P439L (the more expensive of the two enzymes) by ½ with no change to the physical nor organoleptic profiles of the SO

(Salmon oil) and SPH (Salmon Protein Hydrolysate) resulting in further savings on enzyme cost.

Use of Lipase Enzymes to increase PUFA content in our Salmon oil

This work is in progress - achieved a good increase of EPA+DHA from 7.8% to 15.1% in discrete oil treatment with 0.3% w/w of enzymes for 4h with a 2:1 water to oil ratio. However, further experiments are on-going to a) decrease PUFA losses still at ~15% and b) carry out the PUFA increase without a second processing step since the cost is still too high. The main challenge is removal of the hydrolyzed SFA and MUFA from the aqueous layer before taking on to protein isolation. Experiments involve the use of food grade surfactants and 4C cooling water, fin cooling and chelation have met with only modest success so far.

This project is very important to HBC since it will eliminate our dependence on salmon feed specifications to produce BP and USP grade SO for many markets such as Australia etc.

Use of ultrafiltration to improve organoleptic performance of SPH

Ultrafiltration using size occlusion membrane trials in the lab have given the same mix of hydrolyzed protein molecular weights as seen from the Midsund trial. The better organoleptic profile, solubility and protein content was analyzed for being similar to old SPH a perfect match in molecular weight profile and iron uptake was seen. Fermentation experiments incorporated into potato dextrose and solution are being carried out next quarter.

Heat stability of SPH - tested SPH in an extruder at 130C for preparation of protein bars and prepared foods sterilization treatments. SPH had no gelling or denaturing at that temperature and shows that SPH is suitable for such food preparations.

Salmon oil

Expanding the diagnostic assay for OmeGo to the more commonly available and easily tested oxLDL biomarker

oxLDL alone is a well-documented and diagnosis marker (unlike oxLDL-GP) and may make the sales claim much easier to market since patients will be able to test their oxLDL levels today.

HBC measured the levels from the recent mouse trial first and the results tracked the oxLDL-GP pattern successfully. We then repeated the study with some of the stored human serum from OmeGo I clinical study and saw good results thus allowing for the use of oxLDL alone as a measure of anti-inflammatory activity for OmeGo.

We will be testing the entire serum batch from OmeGo I in Q3 2014, and repeat the assay in our OmeGo II planned clinical trial later this year.

Publication/Patent preparation on processing difference with OmeGo and Bioactivity

Mouse trial results showed that acid, base and oxidation of OmeGo eliminates biological activity, high heat reduces activity and EPA/DHA levels are only needed at 80mg/day (human) to preserve activity with no benefit of higher levels. Deferential treatment of oil during processing leads to less bioactivity. HBC will proceed with paper write-up and patentability evaluation.

Urea-based PUFA enhancement in OmeGo patent application has been submitted for EU National filing.

Salmon Protein Hydrolysate

TIM-1 study in the Journal of Functional Foods in Health and Disease

Comparison of Nitrogen Bioaccessibility from Salmon and Whey Protein Hydrolysates using a Human Gastro-intestinal Model (TIM-1). Bomi Framroze, Patricia Savard, Diane Gagnon, Véronique Richard, and Sylvie F. Gauthier Functional Foods in Health and Disease, 2014, Volume 4, Issue 5 (May 26, 2014)

Fractionating SPH at NSRL for Pharma leads

HBC has begun experiments at NSRL to fractionate the SPH following the CACO-2 cell assay for iron uptake as the marker. Four students are involved in the project for the summer and one student will continue throughout the year.

212 samples of multiple extractions using different solvents and acids and bases from SPH were prepared and tested to help guide us to active peptides that can be concentrated in SPH and patented and licensed to Pharma. 42 samples showed a positive response with 14 showing a response equal to the response of SPH powder itself. We have successfully fractionated the iron uptake activity into a chloroform extracted fraction and will be carrying out preparative Thin Layer Chromatography experiments for further fractionation for the rest of this year.

Fermentation Market Support

HBC has initiated new fermentation suitability experiments to prepare a new sell sheet and publication to support sales into fermentation market.

Calcium

A basic protocol for doing a human bone density study over 9 months is being prepared. We have met with 14

orthopedic surgeons to discuss a direct clinical trial with one/two of them within their practice with osteoporotic women. The plan is for a 12-month study with bone scans at start and finish and compliance every quarter directly with the orthopedists.

New Products/Research

Phospholipid isolation from total ground raw material prior to hydrolysis initiation has been started this quarter.

R&D continues to support Patents/Trademarks, Production, Sales and QA with single experiments, documentations and teleconference/meetings.

HBC has also initiated the Herring Hydrolysis project with Dr. Ana Caravelo at SINTEF. Focus will be on a) new grinding methods, b) Biocat enzymes, c) scale up issues with bones and d) new continuous technologies.

Market Development

During the second quarter, HBC has attended one major trade show in Europe, the Vitafoods in Geneva.

The management has also started preparations to build a new sales- and marketing organization. New resources on sales will start in Q3 and a new market strategy will be implemented. A new CRM system will be implemented and taken to good use to better manage leads, existing customers and future projects.

We are also looking into a simple, but elegant, web shop on our home page to make our product available to end customers who visit our web page, and wants to buy our product in Norway. The web shop will also make advertising more relevant, as our products will be available in the Norwegian market.

The response and enthusiasm from potential customers is still strong and growing. The progress on current customer cases is good.

HBC reported in Q1 that products would be stored for future deliveries, based on feedback from the market. At the end of Q2, there has been a few new contracts signed and sales have started. We expect the volumes of sales to rise when new sales resources are in place early autumn 2014.

HBC has also in Q2 planned and booked trade shows in the U.S. and Asia in the second half of 2014.

Salmon Protein

The population is growing; rising standards of living and sustainability are on a major collision course today. Our present trends are unsustainable – even in the short run.

The global need for protein is growing exponentially, at a rate as great as the environmental and health costs of

producing and deriving that protein from animals. It will soon be difficult to sustain human life on Earth by solely relying on animals to provide proteins. Hofseth BioCare's goal is to take the position to bring a new line of proteins to the market based on marine ingredients.

\$ 10
BILLION
Global Protein
market value

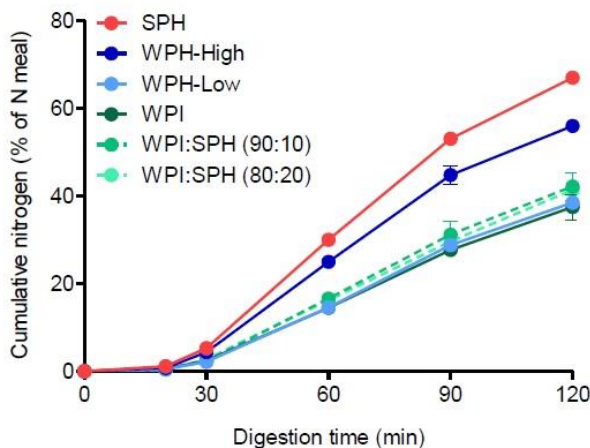
\$ 3.4
BILLION
US Sports Protein
powders

\$ 1.4
BILLION
US Whey
Protein alone

In Q2, HBC has continued to make product tests and samples of ProGo to customers mainly in the U.S. and Europe. Several customers are currently blending in HBCs salmon protein in existing products and new products for potential future launches.

The product is of excellent quality and studies has shown that HBCs product outperform even the best whey

proteins on the market. The interest from the market leaders of finished protein products is still increasing.



ProGo's unique and high concentration and profile of the amino acid of salmon proteins makes the product perfect to Human and Pet Nutrition. Combined with unique capacities as fast assimilation and digestion, HBCs protein hydrolysate is one of its kind on the market.

HBC has worked with a major potential customer in the U.S. since Q1 and the work and product blends are progressing. In addition, several new customer discussions have started in Q2 for expected sales later in 2014. The number of new potential customers within pet nutrition have also increased throughout the second quarter.



Salmon Oil

HBCs salmon oil is still during Q2 the most sold product. The Omega-3 market have had some bad press lately and buyers around the world is looking for new clean products that are sustainable. Our salmon oil is the freshest oil on the market for human nutrition today.

The trend among the customers looking at our salmon oil for a different and clean alternative is different when it comes to size of the customer and packaging. Larger customers tend to discuss strategic location and private brand strategies, whereas smaller customers desire finished products, produced by HBC in ready-to-sell SKUs. HBC have during Q2 spent significant time and investments into finished products design and packaging.



HBC has had several discussions with potential customers in new markets for human nutrition such as China, Indonesia and Japan during Q2.

During Q2, HBC has also experienced demand for pet nutrition and has sold more of the branded salmon oil for dogs and cats in Scandinavia. We believe that the market for pet nutrition will be significant in the future, with high prices as ingredients to high-end producers and as finished products from HBC.

Marine Calcium

Hofseth BioCare launched the first finished Calcium product at the Boston Seafood Show in March. The product gained special interest among Asian buyers and we anticipate contracts on Calcium late 2014 or early 2015.

New finished products of calcium for end customers has been planned in Q2 and production will start in Q3. Discussions is ongoing with customers, both as ingredient and finished tablets ready for the market.

HBC will also during 2014 and 2015 further investigate possible leads within the pharma industry with our whole bone powder. The extraordinary results from HBCs science and followed published studies on our marine calcium, have caught the attention among a handful of pharma companies.

PHP

The partly hydrolysed protein, has had a higher focus in Q2. The product has been shown to several potential customers and sales material will be finished during Q3.

The product can be produced in large volumes and has received special interest from pet and animal nutrition producers.

Subsequent events

HBC opens in July a sales office in Chicago, USA, - its first office outside Norway, and appoints Matt Mixter as general manager for HBCs US operations.

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In August, HBC revealed a damage to the steam boiler, which is a vital part of the production process at HBCs plant in Midsund. This has resulted in immediate stop in production and notice of temporarily layoffs of some employees at the plant on Midsund and Berkåk. The

damage is covered by HBCs insurance, both in terms of actual equipment replacement and operational business interruption insurance.

Share information

There have been one major change to the shareholder structure in the company during second quarter. In connection with the private placement, Codfarmers AS acquired 10,25 per cent of the shares in Hofseth BioCare ASA.

The Hofseth BioCare share (HBC) was traded between NOK 4.26 and 5.44 per share in the second quarter and the last closing price before 30 June 2014 was NOK 4.50.

Based on 97 536 088 outstanding shares, this values the company's equity at approximately NOK 438 million.

As of 30 June 2014 the company had 408 shareholders. The 20 largest shareholders controlled 76,46 per cent of the shares.

Related party transactions

There has been new categories of transactions with related parties during 2014. 1) Sale of the raw material contract according to arm length, approved by the extra ordinary general assembly dated December 27, and 2) guarantee costs granted to Roger Hofseth AS for security in connection with loan covenants required by finance institutions. For other related party transaction, see the related note to the annual report 2013.

Outlook

After the two first quarters of 2014, production has improved in quality and HBC has stored excellent products for future sales to customers around the world. The management takes the challenge of commercialization serious and will build a new sales organization during summer 2014. The whole organization has turned from production issues to sales focus. HBC has met with dozens of potential customers over the last couple of months and the response in the market is very promising.

HBC will during Q3 build a new sales strategy and continue to execute on sales prospects throughout the rest of 2014 and 2015.

The interest for our sustainable and traceable products is getting stronger and stronger. Sales and market activities will be ramped up with a new organization in place. The

development of an international and global sales force is a heavy task, but necessary to reach the final goal of HBC and our products.

Hofseth BioCare have been building inventory in Q1 and Q2. Sales leads starts to show results and the future will show revenues and good margins.

The strategy of Hofseth BioCare includes a strong social responsibility. We are committed to make unique products for the human nutrition market, but will do several efforts and initiatives on local communities and global need for proteins.

HBC will soon apply resources into the Sales and Marketing roles both in Europe and the U.S. with an impressive track record of sales and development of unique products. Further we will be putting a new found emphasize on the prescription pet care segment of animal

nutrition. Given the science behind our products and unparalleled digestibility, palatability, and sustainability, we have a very high level of interest from this industry. Our first step in this direction will be at PetFood2.0 trade show in late September in Chicago.

Also through our Chicago office, we are looking into possibilities to partner up with an US entity to market and sell exclusive branded products to the human and pet supplement markets.

Our long-term objectives will still have focus on competence, technology and profits, which can be turned into a global way of utilizing marine waste and make high-value protein sources.

Execution on international sales as a supplier of ingredients and finished products within the human nutrition industry is our no. 1 task for 2014 and 2015.

Declaration by the Board of Directors and CEO

We confirm to the best of our knowledge that the interim financial statements for the period 1 January to 30 June 2014 is prepared in accordance with IAS 34 - Interim Financial Reporting, and that the accounts give a true and fair picture of the company's assets, liabilities, financial position and results of operations.

We declare that, to the best of our knowledge, the interim report gives a true and fair overview of important events in the financial year and their impact on preliminary results, the most important risk and uncertainties for the remaining nine months of the accounting period, and significant transactions with related parties.

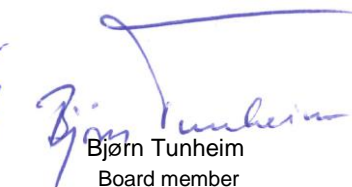
Hofseth BioCare ASA Board of Directors
Ålesund, August 27 2014



Kjetil Olsen
Chairman



Roger Hofseth
Board member



Bjørn Tunheim
Board member



Henriette Godø Heggdal
Board member



Marit Liland Sandvold
Board member



Jon Olav Ødegård
CEO

Consolidated interim financial statements

Consolidated statement of comprehensive income

<i>(figures in NOK 1 000, except earnings per share)</i>	Q2 2014	Q2 2013	1H 2014	1H 2013	2013	Notes
Gross operating revenue	1 385	7 928	2 959	9 414	62 936	7
Cost of sales	228	2 941	-6 525	8 154	25 313	
Salaries and other payroll costs	4 248	5 060	9 394	11 064	25 498	
Other operating expenses	4 628	10 629	15 906	22 110	47 048	
EBITDA	-7 719	-10 703	-15 816	-31 914	-34 923	
Depreciation and Write-down	4 089	3 146	7 636	6 065	12 565	5,6
Operating profit/loss (EBIT)	-11 808	-13 849	-23 452	-37 979	-47 488	
Financial income	7	570	986	1 309	4 261	
Financial expenses	3 616	4 101	6 558	6 992	8 940	
Net financial items	-3 610	-3 532	-5 573	-5 683	-4 679	
Profit/loss before taxes	-15 417	-17 380	-29 024	-43 662	-52 167	
Tax expense	0	0	0	0	0	
Profit for the period	-15 417	-17 380	-29 024	-43 662	-52 167	
Other comprehensive income/expenses	0	0	0	0	0	
Total comprehensive income	-15 417	-17 380	-29 024	-43 662	-52 167	
Total comprehensive income for the period attributable to:						
Non-controlling interests	-15	-21	-15	-23	-31	
Shareholders in Hofseth Biocare ASA (majority)	-15 402	-17 401	-29 009	-43 640	-52 136	
Total	-15 417	-17 380	-29 024	-43 662	-52 167	
Earnings per share						
Basic earnings per share (NOK)	-0,16	-0,22	-0,30	-0,56	-0,72	
Diluted earnings per share (NOK)	-0,19	-0,22	-0,42	-0,63	-0,72	

The interim financial information has not been subject to audit.

Consolidated condensed statement of financial position

<i>(figures in NOK 1 000)</i>	1H 2014	1H 2013	2013	Notes
Research and development	13 923	14 456	11 298	5
Patents, rights etc	3 551	2 920	6 369	5
Goodwill	7 458	7 458	7 458	5
Rights to raw material	0	11 356	0	6
Property, plant and equipment	91 379	90 113	88 484	6
Financial fixed assets	1 153	960	613	
Total non-current assets	117 465	127 263	114 222	
Inventories	47 800	16 690	25 829	9
Trade receivables	43 667	11 879	47 473	
Other current assets	13 749	37 568	13 559	
Cash and cash equivalents	3 931	4 235	3 969	
Total current asset	109 147	70 371	90 830	
Total assets	226 612	197 634	205 052	1,2
Share capital	97 536	77 536	77 536	8
Share premium account and other equity deposits	63 546	47 007	0	
Other Paid in equity (+) Uncovered losses (-)	-42 249	-54 251	-14 914	
Non-controlling interests	8	-588	-620	
Total equity	118 841	69 704	62 002	
Non-current liabilities interest bearing	41 437	65 375	35 761	
Total non-current liabilities	41 437	65 375	35 761	
Factoring liabilities	33 335	9 115	37 485	
Other Interest bearing loans, leasing and borrowings	9 680	4 417	23 614	
Trade payables	19 644	40 204	35 582	
Other current liabilities	3 675	8 820	10 608	
Total current liabilities	66 334	62 555	107 289	
Total equity and liabilities	226 612	197 634	205 052	

The interim financial information has not been subject to audit.

Consolidated condensed statement of changes in equity

<i>(figures in NOK 1 000)</i>	Q2 2014	Q2 2013	1H 2014	1H 2013	2013
Equity at start of period	48 395	67 327	62 002	47 718	47 718
Employee share option scheme	625		625	186	1 393
Issued May 2nd 2014	82 921		82 921		
Comprehensive Income for the period	-15 417	-17 380	-29 024	-43 662	-52 167
Equity at the end of period	116 524	69 704	116 524	69 704	62 002

The interim financial information has not been subject to audit.

Earnings per share

<i>(figures in NOK 1 000, except earnings per share)</i>	Q2 2014	Q2 2013	1H 2014	1H 2013	2013
Number of shares end of period	97 536	77 536	97 536	77 536	77 536
Weighted average number of shares	81 092	77 536	79 314	67 288	72 412
Effect of employee stock options and warrents	1 950	2 450	1 950	2 450	1 750
Weighted average number of shares diluted	83 042	79 986	81 264	69 738	74 162
Basic earnings per share (NOK)	-0,13	-0,22	-0,27	-0,56	-0,72
Diluted earnings per share (NOK)	-0,16	-0,22	-0,38	-0,63	-0,72

The interim financial information has not been subject to audit.

Consolidated condensed cash flow statement

NOK 1000	Q2 2014	Q2 2013	1H 2014	1H 2013	2013
Cash flow from operational activities					
Profit before taxes	-13 100	-17 383	-26 707	-43 663	-52 167
Depreciation	4 089	3 200	7 636	6 162	12 564
Changes in Inventory	-11 234	-10 184	-21 971	-10 588	-19 727
Changes in trade debtors	-3 844	3 155	2 955	6 869	-30 978
Changes in rights to raw materials	0	1 868	0	3 084	9 942
Changes in trade creditors	-35 563	2 423	-15 938	8 718	4 096
Changes in other current balance sheet items	827	2 387	-1 580	-221	-7 382
Net cash flow from operational activities	-58 824	-14 536	-55 604	-29 640	-83 652
Cash flow from investing activities					
Investments in non-current tangible assets	-2 113	-2 249	-9 522	-23 618	-26 971
Investments in non-current intangible assets	-908	-180	-908	-180	
Other investments	-504	-2 000	-449		13 652
Net cash flow from investing activities	-3 525	-2 429	-10 879	-23 798	-13 319
Cash flow from financing activities					
Issuance of share capital	20 000	5 049	20 000	20 372	65 463
Payment of premium	63 546	21 485	63 546	23 983	0
Borrowings	-18 117	-7 251	-17 064	11 079	32 055
Other financial activities inc. Government grants	0	0	0	0	1 147
Net cash flow from financing activities	65 429	23 283	66 482	55 435	98 665
Net change in cash and cash equivalents	3 080	6 319	-1	1 996	1 694
Cash and cashequivalents at the beginning of the period	888	-2 084	3 969	2 239	2 239
Cash and cashequivalents at the end of the period	3 968	4 235	3 968	4 235	3 969

The interim financial information has not been subject to audit.

Selected notes to the condensed financial statements

1. General information and basis for preparation

This report has been prepared in accordance with International Financial Reporting Standards (IFRS) and the standard for interim reporting (IAS 34). The same accounting principles and calculation methods used in the last Financial statements (IFRS) 2013 has been used here.

2. Use of estimates and judgements

The preparation of financial statements in accordance with IFRS requires management to make estimates based on professional judgement and assumptions considered realistic. There may be situations or changes in market conditions that

can lead to changes in estimates, but management do not consider it to be significant estimation uncertainty associated with estimates and reported figures for the company's assets, liabilities, equity and profits.

3. Taxes

Deferred taxes are not posted in the balance sheet.

4. Transactions with related parties

Transactions with related parties are governed by market terms and conditions in accordance with the "arm's length principle".

5. Intangible assets

NOK 1 000	<i>Research and development</i>	<i>Trademarks</i>	<i>Patents</i>	<i>Market database</i>	<i>Other</i>	<i>Goodwill</i>	<i>Total</i>
Carrying amount 01.01.2014	11 298	106	2 899	2 712	651	7 458	25 124
Additions	742				165		908
Amortisation	697	13	184	175	74		1 143
Carrying amount 30.06.2014	11 343	93	2 715	2 537	742	7 458	24 889
Economic life	10 years	5 years	10 years	10 years	5 years		

Addition of 908 is mainly linked with development projects in our production process.

6. Property, plant and equipment

<i>NOK 1 000</i>	<i>Property, plant and equipment</i>	<i>Machines and equipment</i>	<i>Fixtures and fittings</i>	<i>Total</i>
Depreciations at 31.12.2013	949	8 510	1 160	10 619
Book value at 01.01.2014	26 520	58 169	3 794	88 483
Additions		9 206	195	9 522
Cost at 30.06.2014	26 520	67 375	3 989	97 884
Depreciations for the period	580	5 133	779	6 492
Book value at 30.06.2014	25 940	62 242	3 210	91 379
Economic life	0-40 years	10 years	3-10 years	
Method of depreciation	straight line	straight line	straight line	

Additions of 9 522 is mainly installment of second sentrifuge in Q1 and a salt-water scrubber starting in Q2.

7. Segment

<i>NOK 1000</i>	<i>Q2 2014</i>	<i>Q2 2013</i>	<i>1H 2014</i>	<i>1H 2013</i>	<i>2013</i>
Per product					
Salmon oil	6 805	8 934	7 268	9 936	57 000
Protein	427	-910	1 447	-524	5 374
Calcium	0	0	0	0	98
By-product	153	0	244	0	464
Total revenue	7 385	7 927	8 959	9 413	62 936
Geographical distribuion:					
Norway	327	-97	418	0	9 391
Europe ex. Norway	7 058	3 558	7 521	4 947	10 831
USA, Canada	0	4 466	1 020	4 466	42 714
Total revenue	7 385	7 927	8 959	9 413	62 936

8. Shareholders

Largest shareholders

Shareholder	# of shares	% share
ROGER HOFSETH AS	15 693 735	16,09 %
CODFARMERS ASA	10 000 000	10,25 %
HOFSETH AS	5 558 371	5,70 %
VERDIPAPIRFONDET DNB SMB	5 300 000	5,43 %
INITIA AB	4 601 000	4,72 %
SWELANDIA INTERNATIONAL AB	4 061 333	4,16 %
PARETO BANK ASA	3 850 000	3,95 %
VERDIPAPIRFONDET DNB NORGE (IV)	3 005 000	3,08 %
HOLBERG NORDEN	2 883 000	2,96 %
HOLBERG NORGE	2 792 000	2,86 %
STOREBRAND VEKST	2 660 416	2,73 %
SEAFOOD FARMERS OF NORWAY AS	2 361 257	2,42 %
ØDEGÅRD PROSJEKT AS	1 765 706	1,81 %
SINKABERG-HANSEN AS	1 764 107	1,81 %
LFC AS	1 672 913	1,72 %
STOREBRAND NORGE	1 660 167	1,70 %
PETTERSSON	1 553 137	1,59 %
VERDIPAPIRFONDET STOREBRAND OPTIMA	1 404 930	1,44 %
DNB LIVSFORSIKRING ASA	997 778	1,02 %
TROLS A/S	989 557	1,01 %
Total 20 largest	74 574 407	76,46 %
Total other	22 961 681	23,54 %
Total no. of outstanding shares	97 536 088	100,00 %

Total no. of shareholders: 408

9. Inventory

NOK 1000	1H 2014	1H 2013	Q1 2014	2013
Per product				
Raw material	596		426	307
Goods in process	253		128	
Finished goods	46 951	16 690	36 067	25 522
Total inventory	47 800	16 690	36 621	25 829

